

Message Text

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ACTION AF-06

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 /114 W

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R 021542Z APR 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8629

INFO AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

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REF: LAGOS 2457, 2516, 2586, 2723 NOTAL

1. FEDERAL MILITARY GOVERNMENT RESUMED DISCUSSIONS WITH SHELL-BP, GULF, AND MOBIL ON MARCH 27. EACH COMPANY HAS SINCE HAD AT LEAST TWO SEPARATE MEETINGS WITH FMG, AND DISCUSSIONS WILL CONTINUE NEXT WEEK.

2. FMG REMAINS WEDDED TO 20 PERCENT ROYALTY AND 85 PERCENT TAX RATE BUT HAS OFFERED REDUCE BUY-BACK PRICE (\$11.75) IN LIEU \$1XUI, USE AUDITED AVERAGE 1974 PRODUCTION COSTS IN ALL COMPUTATIONS (\$.57 PER BARREL IN LIEU \$.40), AND ADOPT POSTED
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PRICE WHICH WOULD ALLOW PRODUCING COMPANIES HIGHER "MARGIN"

(\$33 OR MORE IN LIEU \$16).

3. ACCORDING TO THE COMPANIES, THESE TERMS STILL FAR FROM SATISFACTORY, BUT THEY ARE ENCOURAGED THAT FMG HAS PROVEN WILLING TO TALK AND TO BUDGE EVEN SLIGHTLY FROM ORIGINAL DEMANDS, THEREBY INDICATING THAT THE FMG IS NOT TRYING TO FORCE OUT THE COMPANIES (WHICH THEY HAD BEEN THINKING WAS A REAL POSSIBILITY).

4. INTERESTINGLY, MINES AND POWER PERM SEC ASIODU HAS TAKEN OVER THE DISCUSSIONS, AND ACTING DIRECTOR OF PETROLEUM RESOURCES LOLOMARI HAS NOT BEEN PARTICIPATING.
CROSBY

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Message Attributes

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